

Form RD 465-1
(Rev. 2-97)

Position 5

UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL DEVELOPMENT
FARM SERVICE AGENCY

APPLICATION FOR PARTIAL RELEASE,
SUBORDINATION, OR CONSENT

FORM APPROVED
OMB NO. 0575-0086

STATE
COUNTY
CASE NO.

TYPE OF LOAN
(SPECIFY)
<input type="checkbox"/> DIRECT <input type="checkbox"/> INSURED

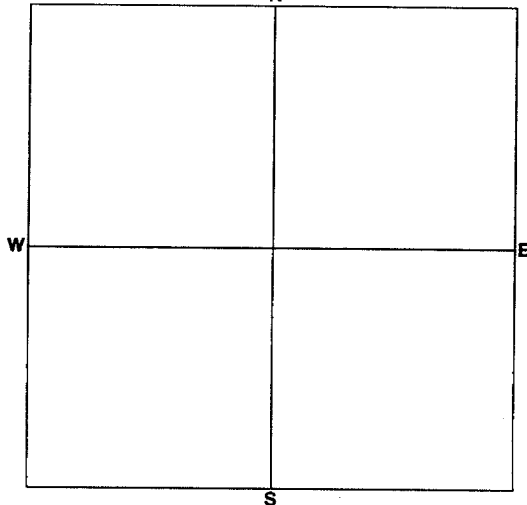
The undersigned _____ (1)
(Names of Borrower and Co-Borrower)

whose address (Including ZIP Code) is _____ (1)
in accordance with the terms of the security instruments now held or insured by Rural Development or the Farm Service Agency (hereafter referred to as "Agency") on their property, apply for release or subordination of the liens of said security instruments or consent to the following transaction.

_____ (2)
(Description)

1. Plot of Property:

(3)
N



2. Prior lienholders listed in order:
(4)

3. The prior lien to which subordination is requested is to be held by:
(5)

4. The property to be leased or conveyed to:
(6)

5. Description of property to be covered by the release, subordination, or consent:
(7)

6. The use to be made of the property covered by this application is:
(8)

Public reporting burden for this collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to U.S. Department of Agriculture, Clearance Officer, STOP 7602, 1400 Independence Avenue, S.W., Washington, D.C. 20250-7602. Please DO NOT RETURN this form to this address. Forward to the local USDA office only. You are not required to respond to this collection of information unless it displays a currently valid OMB control number.

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Used by Agency borrowers to obtain the consent of the Government to perform certain functions, to permit Junior liens or to request partial release from the terms of real estate security instruments.

(see reverse)

PROCEDURE FOR PREPARATION

: RD Instructions 1951-J and 1965-C.
FSA Transferred Instruction 1965-A.

PREPARED BY

: County Official.

NUMBER OF COPIES

: Original and one except that an extra copy will be prepared when lender for insured Farm Ownership loan is mortgagee and consent of mortgagee or a formal release is required.

SIGNATURES REQUIRED

: When County Official is authorized to approve: All copies by borrower and by County Official as Approving Official.

When State Official's approval is required: All copies by borrower and by County recommending Official; original by State Approval Official.

DISTRIBUTION OF COPIES

: When Form has been processed and approved in accordance with appropriate instructions and:

1. A formal release is not requested: Original to borrower, copy in County Office case folder, and a copy to lender if he/she is mortgagee and his/her consent is required.

2. A formal release is requested: Copy to borrower, original to County Office case folder, and when lender is mortgagee, copy to lender.

INSTRUCTIONS FOR PREPARATION

- (1) Insert the name(s) and address of the borrowers(s) as shown on the security instruments(s).
- (2) State the purpose of which release, subordination, or consent is required, such as sale of portion of property, lease of property, sale or lease of mineral rights, purchase of additional land, and so forth.
- (3) Draw a sketch of the property showing location of buildings, roads, rights-of-way, and so forth. If the property is part of farm acreage, sketch a portion of the farm and show the acreage to be covered by this application, timber to be sold, and so forth. A scale of 4" to the mile may be used or a larger scale if appropriate.
- (4) Itemize the Prior or Junior Lienholders in order and the amounts of each lien prior to the proposed transaction.
- (5) Complete the section if applicable by inserting the name and address (including ZIP CODE) of the prior lienholder. Attach a conformed copy of the proposed security instrument as it will read if the transaction is approved.
- (6) Complete the section if applicable by inserting the name and address (including ZIP CODE) of the proposed leasee or purchaser. If the lease is for nonagricultural purposes or the lease of surplus buildings, attach a conformed copy of the proposed lease. If the lease is for agricultural purposes, summarize the terms of the lease.
- (7) Insert the legal description of the land to be used in the transaction; attach rider if necessary. However, if a lease of a portion of the farm or nonfarm tract is involved and a legal description would not be necessary, other means of describing the acreage may be used.
- (8) Insert a statement showing what use is to be made of the property covered by the application.
- (9) Insert the amount of initial payment and any subsequent payments, if applicable. Insert a statement explaining other considerations.
- (10) Also show the amount of the Prior lien after the proposed transaction. Itemize all proceeds from the transaction.
- (11) To be completed by borrower.

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7. The anticipated proceeds from this transaction are:

Initial payment \$ _____

Subsequent payment(s) \$ _____

Other considerations: (9)

If the borrower obtains a loan from another lender as a result of any subordination covered by this application, the lender must incorporate in the borrower's note a statement that the loan will be in default should any proceeds of the loan funds obtained as a result of this subordination be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity.

8. Subject to the provisions of Paragraph 7 it is proposed to use the proceeds as follows:

(10)

9. Have you or any member, stockholder, partner or joint operator of the entity borrower been convicted under Federal or State law of planting, cultivating, growing, producing, harvesting, or storing a controlled substance since December 23, 1985?

☐ Yes ☐ No

(11)

If yes, provide date of conviction and details on a separate sheet.

10. If this application is approved, the undersigned borrowers agree to comply with such terms as may be prescribed by Agency and to disposition of the proceeds as required by Agency pursuant to its regulations, including the method of applying payments to the borrowers' loan accounts. It is expressly understood that unless a separate written instrument of subordination or partial release is executed and delivered by Agency pursuant to this application, approval by Agency of this application will merely constitute and evidence its consent, as lienholder, to the proposed transaction without in any way subordinating its lien, releasing any of its security, modifying the payment terms of the loan, or otherwise affecting any rights of Agency.

The borrower(s) agrees that none of the funds obtained as a result of any subordination covered by this application will be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity, as explained in Exhibit M of Subpart G of Part 1940 of Title 7 of the Code of Federal Regulations.

Date _____

Signed _____

(12)

(Borrower)

(12)

(Co-Borrower)

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- (12) Borrower(s) will sign the application as their name(s) appear on the security instrument(s). If the borrower is an organization, its authorized representative will sign and the representative's title will be shown after or below the signature.
- (13) Insert the dollar figures of the present market value of the property both before and after the transaction and show the present market value of the property to be disposed of, if applicable.
- (14) Describe how the proposed transaction will affect the property physically and from a operating and salability standpoint, including kinds and estimated dollar amounts of damages and benefits.

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1. The proposed transaction:

- ☐ WILL ☐ WILL NOT prevent or make more difficult the successful operation of this property.
☐ WILL ☐ WILL NOT reduce the efficiency of the property.

2. The proposed transaction will affect the value of this property as security for the loan as follows:

Present Market Value

(a) Value of Real Estate Before

(b) Value of Real Estate After

(c) Value of Real Estate Disposed of

_____ ➔ (13)

3. The following ☐ damages ☐ benefits will result to this property from the transaction:

(14)

I hereby recommend that this application be approved and that the proceeds be applied or released as follows:

INITIAL PAYMENT

\$ _____ To extra payment on Agency loan
\$ _____ To regular payment on Agency loan
\$ _____ To borrower as regular income
\$ _____ To prior lien(s)
\$ _____ Other (specify) _____

SUBSEQUENT PAYMENTS:

\$ _____ or _____ % To extra payment on Agency loan
\$ _____ or _____ % To regular payment on Agency loan
\$ _____ or _____ % To borrower as regular income
\$ _____ or _____ % To prior lien(s)
\$ _____ Other (specify) _____

Date _____

Recommended by _____

(Title)

Date _____ ☐ Approved ☐ Disapproved by _____

(Title)

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